

Message Text

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PAGE 01 BONN 11414 181713Z

42

ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 SSO-00 EB-11 COME-00 STR-08

CIAE-00 INR-11 NSAE-00 RSC-01 TRSE-00 OMB-01 TAR-02

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FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 3901

UNCLAS BONN 11414

DEPARTMENT PASS AGRICULTURE FOR R.E. ANDERSON

E.O. 11652: N/A

TAGS: EAGR, GW

SUBJECT: DISCONTINUED EC CHEESE SUBSIDIES AND IMPACT ON
FRG EXPORTS TO THE U.S.

1. EC AND FRG ARE LEGALLY BOUND TO CONTINUE EXPORT PAY-
MENTS ON QUANTITIES FOR WHICH EXPORT SUBSIDIES HAD BEEN
PREFIXED. THE PRESENT STATUS OF FRG CHEESES FOR WHICH
EXPORT SUBSIDIES HAVE BEEN PREFIXED (IN METRIC TONS):

NATURAL EMMENTALER 340

NATURAL CHEDDAR, CHESTER 500

ALL OTHER CHEESES 350

TOTAL PREFIXED 1,190

PRIOR TO JULY 12, 1974, PREFIXING WAS POSSIBLE FOR FIVE
MONTHS FORWARD PLUS THE CURRENT MONTH OF APPLICATION.

2. ALL OUR SOURCES AGREED THAT EXPORTS OF EMMENTALER
CHEESE TO THE U.S. CANNOT BE CONTINUED WITHOUT INTRODUC-
TION OF EXPORT SUBSIDIES. WE ESTIMATE THAT FRG EXPORT
OF EMMENTALER CHEESE WILL PROBABLY BE NEGLIGIBLE AFTER
THE SUBSIDIZED QUANTITIES HAVE BEEN USED. A SIMILAR
JUDGMENT APPEARS VALID FOR SEMI-HARD CHEESES. WE EXPECT
THAT QUALITY TYPE SOFT CHEESES CAN CONTINUE TO BE EX-
PORTED ALBEIT AT A SOMEWHAT REDUCED LEVEL.

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PAGE 02 BONN 11414 181713Z

3. NONE OF OUR CONTACTS WAS WILLING TO COMMENT ON THE POSSIBLE IMPACT ON EXPORTS OF PROCESSED CHEESES. THEY POINTED OUT THAT PRACTICALLY ALL FRG SHIPMENTS OF PROCESSED CHEESES TO THE U.S. ARE HANDLED BY GERMAN SUBSIDIARIES OF U.S. FIRMS, WHOSE INTERNAL PRICE CALCULATIONS ARE DIFFICULT IF NOT IMPOSSIBLE TO DETERMINE -- THUS NO BASIS FOR A JUDGMENT.

4. FRG MINAG REPRESENTATIVE STATED THAT THE FRG AGREED TO THE EC DISCONTINUANCE ONLY WITH GREAT RELUCTANCE AND UNDER STIFF PRESSURE. MINAG'S DEGREE OF RESISTANCE CAN ALSO BE MEASURED BY THE FACT THAT AN OFFICIAL INFORMALLY RAISED THE QUESTION AS TO WHETHER THE U.S. WOULD ALLOW THE IMPORT OF ONLY EMMENTALER CHEESE TO ENTER WITH BENEFIT OF EC SUBSIDY. OUR RESTRAINED RESPONSE WAS THAT WE WOULD NOT HOLD OUT MUCH HOPE FOR SUCH AN ACTION.
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